

Trust Board meeting		Date:	26 April 2017
Agenda item	Title	Executive Director lead and presenter	Report author
BD/17/018	Audit and Risk Committee Annual Report	Simon Truelove	Charlotte Moar
This report is for:			
Decision			
Discussion			
To Note			X
History			
N/A			
The following impacts have been identified and assessed within this report			
Equality	None identified		
Quality	None identified		
Privacy	None identified		
Executive summary of key issues			
This report gives an overview of the Audit and Risk Committee's work in 2016/17 and a forward look to priorities for 2017/18. It includes feedback from members of the Committee. The Committee is asked to note the report.			
This report addresses these strategic priorities:			
We will deliver the best care			X
We will support and develop our staff			X
We will continually improve what we do			X
We will use our resources wisely			X
We will be future focussed			X

1 Terms of Reference

1.1 Committee membership

The Audit and Risk Committee (A&RC) membership comprises two Non-Executive Directors (NEDs). The quorum for Committee meetings is two members. This ensures compliance with the Trust Standing Orders. Any NED of the Trust may act as a nominated substitute or deputy in the unavoidable absence of any NED. This attendance will count towards the quorum. An exception is the Chair of the Trust who cannot count toward membership nor act as a substitute.

The Director of Nursing and Director of Finance are expected to attend each meeting. The Company Secretary also attends regularly.

1.2 Terms of Reference Review

The terms of reference of the Committee were reviewed in December 2016 and approved by the Board in January 2017. The changes focused around clarifying the responsibilities of the Committee in relation to ensuring that internal and clinical audit plans were aligned and also to note the responsibility for assurance around information governance.

1.3 Chair's comment

The role of the A&RC is to provide the Board with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Trust's activities both generally and in support of the annual governance statement.

The annual work programme of the A&RC is determined by its terms of reference with the major focus on reviewing the Board Assurance Framework and risk register, planning the annual audit programmes for external audit, internal audit, clinical audit and counterfraud to ensure that audits are in place to provide assurance the Trust is managing risks as well as providing assurance on the annual accounts and quality and governance statements.

2 Committee Attendance

2.1 Summary

The Audit and Risk Committee meeting was held six times during 2016/17. Director attendance is set out below. Representatives from Internal Audit, External Audit and Counter Fraud attended every meeting.

Director	Number of meetings attended in 2016/17
Charlotte Moar	6/6
Mark Outhwaite (joined the Committee October 2017)	3/3
Director of Finance	6/6
Director of Nursing (Director of Nursing or Medical Director)	3/6 (5/6)
Company Secretary	6/6

3 Committee Business

3.1 Overview

In addition to the routine business of the Committee it undertook the following:

- Received presentations on the risk registers of Swindon, S Gloucestershire, Wiltshire, IM&T, CAMHS and the Bristol health system leadership.
- Reviewed with internal and external audit the reasons for the deterioration in the financial position in 2016/17 and agreed actions to be taken to ensure that

4 Committee feedback

4.1

Comments received from the Audit & Risk Committee members

What should we keep doing in 2017/18?

- Dives into the risk areas below strategic/corporate – these have been insightful at providing assurance that risks are being managed out in the organisation and helped the Committee to gain assurance in this area.
- Scrutiny of LDU and Directorate risk registers (on rotation this is a valuable insight)
- Locality risk register reviews
- Linking BAF to risk registers and internal audit programmes

What do we need to improve upon?

- Better focused papers to help see the wood from the trees – Internal Audit papers for reports to be summarised in the progress report and full reports not in the papers
- Clearer oversight of follow up of recommendations – has previously sat with the Trust management and should now be done directly by Internal Audit
- Holding action plans to account and testing assurance
- Strengthen planning and reporting on internal audit findings and follow through
- Quality of leadership and reporting on risk management

What are the priorities for 2017/18?

- Back to basics – financial and core quality control – assurances over key systems
- Better focus so understand the scope covered by assurances.
- Risk Web operating correctly so that we have meaningful reports for the committee.
- Strategic and Corporate risks identified agreed and managed
- Assure ourselves that financial and workforce controls are in place
- Information governance toolkit score improves so we have confidence around our management in this area

5 Future focussed

5.1

In 2017/18, in addition to the annual workplan, and responding to the feedback above, the Committee will

- Scrutinize the self assessment of the Trust against the Well Led Framework.
- Continue with the locality risk register presentations.
- Have a particular focus on assuring the Board that the arrangements around risk management are being improved in line with the actions agreed by the Board
- Take assurance that performance management and leadership of internal audit is effectively embedded within the Executive Team and used to provide assurance around risk management
- Review the Standing Financial Instructions and Standing Orders of the Trust to ensure that they are user friendly and cover the Trust's approach to decision making around partnership arrangements.
- Understand how risks around the STP are being identified and mitigated.
- Scrutinize the revised performance management arrangements for the Trust

Audit and Risk Committee Terms of Reference

Appointed by Trust Board

Reports and accountable to the Trust Board

(Statutory)

Approved by the Trust Board on tbc

Overview

The Audit and Risk Committee (the Committee) is a formally constituted Committee of the Board of Directors (Trust Board).

Summary of purpose and objectives

This Committee provides the Board with assurance that the Trust has an effective system of integrated governance, risk management and internal control in place across the Trust's activities (both clinical and non clinical) to support achievement of the Trust's objectives.

Role and duties

Strategy and Planning

Discuss with external audit the main issues and parameters for audit planning in preparation for the Annual Audit Plan.

Review and approve the annual internal audit, local counter fraud and clinical audit plans, ensuring that there is consistency with the audit needs of the organisation as identified in the Assurance Framework and co-ordination with the work of external audit.

Maintain an annual work plan for the work of the Committee which ensures it will cover delegated responsibilities and any other matters on which it needs to focus. Report annually to the Board on delivery of this plan.

Capability and Culture

To make recommendations to the Board around the appointment of external and internal auditors and counter fraud service.

To ensure there is an effective internal audit function and counter fraud service that meets mandatory NHS Internal Audit and other Standards and best audit practice, and provides appropriate independent assurance to the Audit and Risk Committee, Chief Executive and Trust Board.

To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements.

Ensure that effective and appropriate capacity is in place to support the assurance of integrated governance, risk management and internal control within the Trust

Process and Structures

To review and sign off prior to formal approval by the Board any risk and control disclosure statements including the annual report, statutory accounts and quality accounts as well as receiving the draft audit letter.

To endorse the annual governance statement by and on behalf of the Board, confirming compliance with relevant requirements and conditions as at the date of the statement and anticipated compliance for the next financial year

To seek assurance that an effective system of integrated governance, internal control and risk management is in place across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the Trust's principal objectives

To seek assurance that processes are in place to ensure compliance with all applicable legal and NHS regulatory requirements.

To seek assurance that systems and processes are in place to ensure compliance with the Trust's duty to operate efficiently, economically and effectively.

To seek assurance that effective systems of accountability and internal control are in place throughout the Trust, including but not restricted to systems and/or processes for escalating and resolving issues and escalating them to the Board where appropriate. This will include

reviewing arrangements by which staff may raise, in confidence, concerns in relation to financial reporting and control, clinical quality, patient safety or other matters. The committee will ensure that there are appropriate arrangements in place for independent investigation and follow-up action, for recommendation to the Board for agreement.

Measurement

To oversee the programmes of Internal Audit, Clinical Audit, External Audit and the Local Counter Fraud Specialist to ensure timely and effective scrutiny and oversight of Trust operations and maintain an oversight of the effectiveness of these audit processes. To obtain independent legal or professional advice where required to provide external scrutiny and evaluation.

To oversee the programmes of assurance around information security and information governance including receiving reports from the Information Governance Group and overseeing its work programme.

To review key risk and control policies eg Standing Financial Instructions and Standing Orders, Risk Management, Counter Fraud Policies at least annually prior to recommendation to the Board.

To review instances of breach of risk and control policies eg waivers of standing orders on a regular basis.

To review registers of gifts and hospitality, and losses and compensations at least annually.

Review the findings of other significant assurance functions, both internal and external to the organisation and consider the implications to the governance of the organisation. Review the work of other committees within the organisation whose work can provide relevant assurance to the Committee's own scope of work.

Responsibility/delegated authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and within the matters delegated to it by the Board through the Standing Financial Instructions and Standing Orders.

The Committee is authorised to seek any information it requires from any officer of the Trust, and all officers are directed to co-operate with any request made by the Committee.

Limitations of authority

Save as is expressly provided in the Terms of Reference, the Group shall have no further power or authority to exercise, on behalf of the Board, any of its functions or duties.

Accountability / reporting requirements

This committee is accountable to the Trust Board.

Minutes will be prepared after each meeting of this Committee and circulated to members of the committee and others as necessary.

The key issues of the committee will be included in the Executive Team agenda and papers in the Chair's Report. The draft minutes of the committee meeting will be included in the agenda and papers of the following Board meeting.

The Chair of the committee shall draw to the attention of Trust Board any issues that require disclosure to the full Board, or require executive action, or otherwise require the Board's attention.

The Committee will report to Trust Board annually on its work.

The Committee will draw to the attention to any other Committee or the Board, any issues which it believes requires that committee's consideration.

The Committee will draw to the immediate attention of the Board and or its individual members any issue which, in its view, requires urgent consideration.

Membership

The membership will comprise 2 Non-Executive Directors, one of whom shall Chair the committee, suitably qualified and appointed by the Trust Board.

The Chair of the Trust will not be a member of the committee, nor act as a substitute.

Meeting requirements

Quorum

The quorum for meetings of the committee shall be two members, ensuring compliance with the Trust Standing Orders.

Substitutes/Deputies

Any Non-Executive Director of the Trust may act as nominated substitute / deputy in the unavoidable absence of any Non-Executive and this attendance will count towards the quorum.

Invitees

Executive Directors will be invited to attend, especially when the committee is discussing areas of risk or assurance relating to a Director's work stream. An Executive Director may formally nominate a deputy to represent them at the meeting, notifying the Chair in advance of the meeting.

Any member of Trust Board and the Company Secretary may attend meetings of the Committee.

No other persons may attend without the specific invitation of the Chair of the Committee.

The Committee may invite to attend on a regular or ad hoc basis, as it wishes, service users and carers to provide their own perspective into the committee.

Regular Attendees

The Director of Nursing and Quality / Deputy Chief Executive as the lead Director for Risk and SIRO and the Director of Finance (or in their absence their nominated deputies) are expected to attend every meeting.

The External and Internal Auditors will attend as agreed by the Chair of the Committee.

Frequency of Meetings

The Committee will meet as a minimum six times per year with additional meetings being called where necessary.

The External Auditor or Head of Internal Audit may request a meeting of the Committee if they consider that one is necessary or a private conversation with the Chair at any time.

Administration of Committee

The Governance Team directorate shall provide appropriate administrative support, guidance and advice to the Chair and Committee members.

Agendas

The Committee will receive reports for each meeting on activity under the following headings:

Strategy and planning

Capability and culture

Measurement

Committee Review

Lead contact

Executive Director of Finance

Monitoring effectiveness

The Company Secretary shall, at least once a year, review the performance, constitution and terms of reference of the committee to ensure it is operating at maximum effectiveness in order to support the continual improvement of governance standards, committees, sub-committees and groups.

The Company Secretary shall produce an annual report to the Audit and Risk Committee detailing the results of the committee review and thereafter on behalf of the Audit and Risk Committee recommend any changes considered necessary for approval by the Board.

Review

The Terms of Reference of this committee must be reviewed and subsequently approved by the Trust Board at least annually.